

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 30, 2009

TO: Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: SB1966 by Harris (Relating to debt cancellation agreements offered in connection with motor vehicle retail installment contracts.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1966, As Introduced: an impact of \$0 through the biennium ending August 31, 2011.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2009
2010	(\$167,595)	\$167,595	2.0
2011	(\$164,595)	\$164,595	2.0
2012	(\$164,595)	\$164,595	2.0
2013	(\$164,595)	\$164,595	2.0
2014	(\$167,595)	\$167,595	2.0

Fiscal Analysis

The bill amends the Finance Code to allow motor vehicle retail sellers or holders to sell contract modification products in connection with retail installment contracts.

The bill would take effect September 1, 2009.

Methodology

Based on the information provided by the Office of Consumer Credit Commissioner (OCCC), it is assumed that OCCC would require 2.0 additional positions, including 1 Financial Examiner I and 1 Legal Attorney II at the salary and benefit costs of \$102,353 in each fiscal year from 2010-2015 in

order to perform examinations on modified contracts offered by motor vehicle retail sellers. Other costs associated with the 2.0 FTEs include travel costs, other operating expenses, and consumable supplies, totaling \$33,000 each fiscal year. Additional technology costs of \$3,000 in fiscal year 2010 and 2014 include computers and software for new positions.

Based on information provided by the following agencies, it is assumed that duties and responsibilities associated with implementing the provisions of the bill for the Department of Banking, the Department of Savings and Mortgage Lending, and the Credit Union Department could be accomplished by utilizing existing resources.

The Department of Banking, Department of Savings and Mortgage Lending, Office of Consumer Credit Commissioner, and the Credit Union Department are self-leveling agencies and are statutorily required to generate revenues sufficient to cover all of the agency's direct and indirect costs.

Technology

Technology costs include \$3,000 in fiscal years 2010 and 2014 for computers and software for 2.0 FTEs.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 450 Department of Savings and Mortgage Lending, 451 Department of Banking, 466 Office of Consumer Credit Commissioner, 469 Credit Union Department

LBB Staff: JOB, JRO, MW, ACa